

# SENATE BILL 711

R7, C4

11r2204

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By: **Senator Klausmeier**

Introduced and read first time: February 4, 2011

Assigned to: Judicial Proceedings

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## A BILL ENTITLED

1 AN ACT concerning

2 **Transportation – Required Security – Rental Vehicles**

3 FOR the purpose of establishing that the owner of a rental vehicle may satisfy a  
4 certain insurance requirement by maintaining a certain security that is  
5 secondary to any other valid and collectible coverage; requiring the owner of a  
6 rental vehicle to provide a certain notice to the renter of the rental vehicle; and  
7 generally relating to proof of insurance for the registration of certain rental  
8 vehicles.

9 BY repealing and reenacting, without amendments,  
10 Article – Transportation  
11 Section 17–103  
12 Annotated Code of Maryland  
13 (2009 Replacement Volume and 2010 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – Transportation  
16 Section 17–104 and 18–102  
17 Annotated Code of Maryland  
18 (2009 Replacement Volume and 2010 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article – Transportation**

22 17–103.

23 (a) (1) Except as provided in paragraph (2) of this subsection, the form of  
24 security required under this subtitle is a vehicle liability insurance policy written by  
25 an insurer authorized to write these policies in this State.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (2)     The Administration may accept another form of security in place of  
2 a vehicle liability insurance policy if it finds that the other form of security adequately  
3 provides the benefits required by subsection (b) of this section.

4           (3)     The Administration shall, by regulation, assess each self-insurer  
5 an annual sum which may not exceed \$750, and which shall be used for actuarial  
6 studies and audits to determine financial solvency.

7           (b)     The security required under this subtitle shall provide for at least:

8           (1)     The payment of claims for bodily injury or death arising from an  
9 accident of up to \$30,000 for any one person and up to \$60,000 for any two or more  
10 persons, in addition to interest and costs;

11           (2)     The payment of claims for property of others damaged or destroyed  
12 in an accident of up to \$15,000, in addition to interest and costs;

13           (3)     Unless waived, the benefits described under § 19-505 of the  
14 Insurance Article as to basic required primary coverage;

15           (4)     The benefits required under § 19-509 of the Insurance Article as to  
16 required additional coverage; and

17           (5)     For vehicles subject to the provisions of § 25-111.1 of this article,  
18 the security requirements adopted under 49 C.F.R., Part 387.

19 17-104.

20           (a)     The Administration may not issue or transfer the registration of a motor  
21 vehicle unless the owner or prospective owner of the vehicle furnishes evidence  
22 satisfactory to the Administration that the required security is in effect.

23           (b)     The owner of a motor vehicle that is required to be registered in this  
24 State shall maintain the required security for the vehicle during the registration  
25 period.

26           (c)     The Administration, in consultation with the Maryland Insurance  
27 Administration and representatives of the automobile insurance industry, shall adopt  
28 regulations that establish procedures to be used by an insurer to provide timely  
29 notification to an insured of the penalties that may be imposed in accordance with §  
30 17-106 of this subtitle if the insured fails to renew or replace a policy of motor vehicle  
31 liability insurance without surrendering the evidences of registration.

32           (d)     (1)     In this subsection, “replacement vehicle” means a vehicle that is  
33 loaned by an auto repair facility or a dealer, or that an individual rents temporarily, to  
34 use while a vehicle owned by the individual is not in use because of loss, as “loss” is

1 defined in that individual's applicable private passenger automobile insurance policy  
2 or because of breakdown, repair, service, or damage.

3 (2) Subject to paragraph (3) of this subsection, an owner of a **RENTAL**  
4 **VEHICLE OR** replacement vehicle may satisfy the requirement of subsection (a) of this  
5 section by maintaining the required security described in § 17–103 of this subtitle that  
6 is secondary to any other valid and collectible coverage and that extends coverage in  
7 amounts required under § 17–103(b) of this subtitle to the owner's vehicle while it is  
8 used as a **RENTAL VEHICLE OR** replacement vehicle.

9 (3) If an owner of a **RENTAL VEHICLE OR** replacement vehicle  
10 provides coverage as provided under paragraph (2) of this subsection, the agreement  
11 for the **RENTAL VEHICLE OR** replacement vehicle to be signed by the renter or the  
12 individual to whom the vehicle is loaned shall contain a provision on the face of the  
13 agreement, in at least 10 point bold type, that informs the individual that the coverage  
14 on the vehicle being serviced or repaired **OR ANY COVERAGE MAINTAINED BY THE**  
15 **RENTER OF THE VEHICLE** is primary coverage for the **RENTAL VEHICLE OR**  
16 replacement vehicle and the coverage maintained by the owner on the **RENTAL**  
17 **VEHICLE OR** replacement vehicle is secondary.

18 18–102.

19 (a) (1) The Administration may not register any motor vehicle, trailer, or  
20 semitrailer to be rented until the owner of the vehicle certifies to the satisfaction of the  
21 Administration that the owner has security for the vehicle in the same form and  
22 providing for the same minimum benefits as the security required by Title 17 of this  
23 article for motor vehicles.

24 (2) (i) In this paragraph, “replacement vehicle” means a vehicle  
25 that is loaned by an auto repair facility or a dealer, or that an individual rents  
26 temporarily, to use while a vehicle owned by the individual is not in use because of  
27 loss, as “loss” is defined in that individual's applicable private passenger automobile  
28 insurance policy, or because of breakdown, repair, service, or damage.

29 (ii) Subject to subparagraph (iii) of this paragraph, an owner of  
30 a **RENTAL VEHICLE OR** replacement vehicle may satisfy the requirement of  
31 paragraph (1) of this subsection by maintaining the required security described in §  
32 17–103 of this article that is secondary to any other valid and collectible coverage and  
33 that extends coverage to the owner's vehicle in amounts required under § 17–103(b) of  
34 this article while it is used as a **RENTAL VEHICLE OR** replacement vehicle.

35 (iii) If an owner of a **RENTAL VEHICLE OR** replacement vehicle  
36 provides coverage as provided under subparagraph (ii) of this paragraph, the  
37 agreement for the **RENTAL VEHICLE OR** replacement vehicle to be signed by the  
38 renter or the individual to whom the vehicle is loaned shall contain a provision on the  
39 face of the agreement, in at least 10 point bold type, that informs the individual that

1 the coverage on the vehicle being serviced or repaired **OR ANY COVERAGE**  
2 **MAINTAINED BY THE RENTER OF THE VEHICLE** is primary coverage for the  
3 **RENTAL VEHICLE OR** replacement vehicle and the coverage maintained by the owner  
4 on the **RENTAL VEHICLE OR** replacement vehicle is secondary.

5 (b) Notwithstanding any provision of the rental agreement to the contrary,  
6 the security required under this section shall cover the owner of the vehicle and each  
7 person driving or using the vehicle with the permission of the owner or lessee.

8 (c) If the Administration finds that the vehicle owner has failed or is unable  
9 to maintain the required security, the Administration shall suspend the registration of  
10 the vehicle.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 October 1, 2011.